

MAY 19 '08

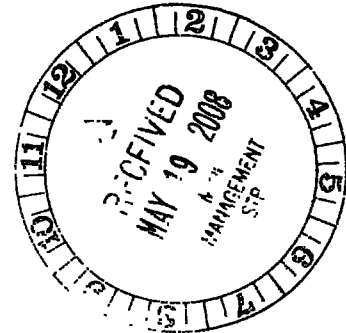
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SURFACE TRANSPORTATION BOARD

THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION

**1 Railroad Avenue
Cooperstown, NY 13326
607-547-2555
607-547-5658 fax**

**Nathan R. Fenno
President
nfenno@nysw.com**



May 14, 2008

Anne K. Quinlan, Secretary
Surface Transportation Board
395 E Street SW
Washington, DC 20423-0001

Dear Secretary Quinlan:

Enclosed herewith are two originals and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Partial Release of Collateral, a secondary document, dated April 24, 2008. The primary document to which this is connected is recorded under Recordation No. 18825.

The names and addresses of the parties to the document are as follows:

Secured Party:	Manufacturers and Traders Trust Company One Fountain Plaza Buffalo, NY 14203
Debtor:	Delaware Otsego Corporation 1 Railroad Avenue Cooperstown, NY 13326
Grantors:	The New York, Susquehanna and Western Railway Corporation Delaware Otsego Equipment Corporation Staten Island Railway Corporation Susquehanna Bulk Systems, Inc.

A description of the equipment covered by the document follows:

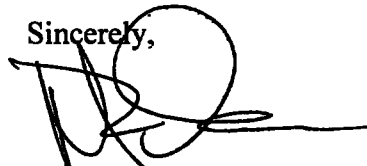
NYSW 501	Former LIRR Coach
NYSW 507	Budd Dining Car
NYSW 508	Lounge Car
NYSW 509	Dome Lounge Inspection Car
NYSW 510	O. Kuhler Business Car
NYSW 512	Sleeper Car
NYSW 535	Coach Car
NYSW 536	Coach Car
NYSW 599	Office Car
NYSW 7740	Bi-Level Coach Car
NYSW 7752	Bi-Level Coach Car
NYSW 7807	Bi-Level Coach Car
NYSW 7809	Bi-Level Coach Car
NYSW LAL 101	Coach Car
NYSW M5	Budd Rail Diesel Car
NYSW M6	Budd Rail Diesel Car
NYSW M7	Budd Rail Diesel Car
NYSW M8	Budd Rail Diesel Car
RVR 1551	Office Car
CACV 2	Business Car

A fee of \$35 is enclosed. Please return one original and any extra copies not needed by the Board for recordation to the undersigned.

A short summary of the document to appear in the index follows:

Release of passenger cars NY SW 501, NY SW 507, NY SW 508, NY SW 509, NY SW 510, NY SW 512, NY SW 535, NY SW 536, NY SW 599 NY SW 7740, NY SW 7752, NY SW 7807, NY SW 7809, NY SW LAL 101, NY SW M5, NY SW M6, NY SW M7, NY SW M8, RVR 1551 and CACV 2 from lien granted in Document filed under Recordation Number 18825.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nathan R. Fenno', with a long horizontal flourish extending to the right.

Nathan R. Fenno
President

NRF:ksp
Enc.

MAY 19 '08

2-05 PM

SURFACE TRANSPORTATION BOARD

PARTIAL RELEASE OF COLLATERAL

by and between

MANUFACTURERS AND TRADERS TRUST COMPANY

and

DELAWARE OTSEGO CORPORATION
THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION
DELAWARE OTSEGO EQUIPMENT CORPORATION
STATEN ISLAND RAILWAY CORPORATION
SUSQUEHANNA BULK SYSTEMS, INC.

Recordation No.: 18825-__

Dated: April 24, 2008

Record and return to: Nathan R. Fenno
President
The New York, Susquehanna and Western Railway Corporation
1 Railroad Avenue
Cooperstown, NY 13326

Telephone No.: 607-547-2555 x236

THIS AGREEMENT made the ²⁴ day of April, 2008, between MANUFACTURERS AND TRADERS TRUST COMPANY ("Secured Party") having an office at One Fountain Plaza, Buffalo, NY 14203, and DELAWARE OTSEGO CORPORATION ("Debtor") and THE NEW YORK, SUSQUEHANNA AND WESTERN RAILWAY CORPORATION, DELAWARE OTSEGO EQUIPMENT CORPORATION, STATEN ISLAND RAILWAY CORPORATION, SUSQUEHANNA BULK SYSTEMS, INC. (collectively "Grantors"), all having a place of business at 1 Railroad Avenue, Cooperstown, New York 13326.

WITNESSETH:

WHEREAS, the Secured Party is also the holder of a SECURITY AGREEMENT – LOCOMOTIVES, ROLLING STOCK AND TRACK EQUIPMENT, dated May 27, 1994, filed with the Surface Transportation Board on May 31, 1994 and assigned Recordation Number 18825 (hereafter the "Security Agreement") which grants to the Secured Party a security interest to all the collateral and security described therein; and

WHEREAS, at the request of the Debtor and the Grantors, the Secured Party has agreed to release from said security interest the collateral described herein;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements, the receipt of which is hereby acknowledged, the Secured Party, the Debtor and the Grantors mutually covenant and agree as follows:

A. Partial Release of Collateral: Secured Party hereby releases from the Security Agreement, and any other security interest or lien in favor of Secured Party, the following described collateral: As listed on Schedule A attached hereto and made a part hereof.

B. Continuation of Security Agreement: Except as specifically set forth herein, the Security Agreement continues in full force and effect.

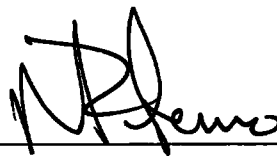
IN WITNESS WHEREOF, the parties have caused this Instrument to be executed by their duly

authorized officers as of the day and year first above written.

MANUFACTURERS AND TRADERS
TRUST COMPANY

By:  DAVID LADIZRI

DELAWARE OTSEGO CORPORATION,
THE NEW YORK, SUSQUEHANNA AND
WESTERN RAILWAY CORPORATION,
DELAWARE OTSEGO
EQUIPMENT CORPORATION
STATEN ISLAND RAILWAY CORPORATION,
SUSQUEHANNA BULK SYSTEMS, INC.

By:  NATHAN R. FENN
PRESIDENT

STATE OF NEW YORK)
) ss.:
COUNTY OF ERIE)

On the 24th day of April, 2008, before, the undersigned, a Notary Public in and for said State, personally appeared DAVID LADORI, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s), or the person(s) upon behalf of which the individual acted, executed the instrument.

Christine A. Kalinka

Notary Public - State of New York
My Commission Expires 6/1/2011

Christine A. Kalinka
Notary Public, State of New York
Qualified in Erie County
My Commission Expires, 06/01/20 11

STATE OF NEW YORK)
) ss.:
COUNTY OF OTSEGO)

On the 24 day of April, 2008, before, the undersigned, a Notary Public in and for said State, personally appeared NATHAN R. FENNO, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s), or the person(s) upon behalf of which the individual acted, executed the instrument.

Kathy S. Perry

Notary Public - State of New York
My Commission Expires 4-30-10

KATHY S. PERRY
Notary Public, State of New York
No. 01PE4765817
Qualified in Otsego County
My Commission Expires April 30, 2010